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# **INSURANCE FRAUD SECTION**

**NEWSLETTER**

December 2010

## **TWO ARRESTED IN ALLEGED CROSS-STATE INSURANCE FRAUD SCHEME**

On November 18, 2010, Bernard Pierre and Daniel Charles were arrested in Dauphin County and charged with two counts of Corrupt Organizations (F1), one count of Criminal Conspiracy (F3), two counts of Insurance Fraud (F3 & M1), one count of Unsworn Falsification to Authorities (M2) and one count of False Application for Title or Registration (M1).



According to the Criminal Complaint, Bernard Pierre, an intermediary for Baptiste Multiple Services, obtained Pennsylvania title, registration and insurance on behalf of New York residents. The cars that were insured by policies written by Baptiste Multiple Services were titled and registered in Pennsylvania through co-defendant, Daniel Charles, d/b/a D/C Auto Tags. Charles agreed to let Baptiste Multiple Services use his office space for business and gave Baptiste Multiple Services access to blank PennDOT forms that Charles had signed and notarized. Charles knowingly let the insurance service fill out the notarized blank forms with false information about the residency of the car owners. Charles then submitted the forms to PennDOT as if he had completed and verified the information on the forms.

## **MERCER COUNTY INSURANCE AGENT INCARCERATED ON \$282,000 THEFT CHARGES**



Nicholas Vukich managed four life insurance policies for two co-owners of a trucking company. Between 1996 and 2001, Vukich submitted multiple forged applications to the insurers for the purpose of obtaining loans against the policies. Vukich then converted the funds obtained to his own use. Between 2000 and 2006, Vukich sent multiple forged financial statements to the trucking company to conceal his thefts which totaled \$282,870.75.

Nicholas Vukich pled guilty to four counts of Theft by Deception (F3) in Mercer County. On November 4, 2010, Vukich was sentenced to serve 6 to 12 months incarceration followed by 4 years probation. Vukich was also ordered to pay restitution of \$282,870.75 and all court costs.

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## ARRESTS

Insurance Fraud

- On November 4, 2010, Tracy Young was arrested in Mercer County. According to the Criminal Complaint, Young reported to the Nationwide Insurance Company that a pair of dogs belonging to her neighbor caused her to fall. Young claimed her injuries included a broken neck and the loss of two teeth for which she was admitted to the hospital for surgery on the following day. The Complaint further alleged that Young reported that she spoke with her neighbor immediately after the fall. However, the neighbor was travelling out of state at the time and records showed that Young made no mention of the dogs in relaying her injuries. Tracy Young has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On November 17, 2010, James McKnight was arrested in Lawrence County. According to the Criminal Complaint, McKnight is the sole proprietor of McKnight Trucking, a business that contracts with the US Postal Service to transport mail. Postal Service contracts include a line item that provides mail transport companies with funds specifically allocated for the purpose of subsidizing the purchase of workers' compensation coverage for employees. The Complaint stated that between August 2004 and March 2009, McKnight operated McKnight Trucking without workers' compensation coverage, even though the Postal Service provided McKnight with \$46,874.25 for that purpose. James McKnight has been charged with ten counts of Failure to Insure (F3) and one count of Theft by Failure to Make Required Disposition of Funds Received (F3).
- On November 12 & 22, 2010, Kenneth Boughter was arrested in Dauphin County. According to the Criminal Complaint, Boughter allegedly orchestrated two separate fraud schemes against the State Farm Insurance Company. The cases were jointly investigated by the IFS and the PA State Police. In the first case filed by the IFS, Boughter is accused of intentionally starting a

fire in his 2004 Cadillac Escalade, then filing a claim for the "accidental" loss which exceeded \$20,000. In the second case filed by the PSP, Boughter allegedly staged the theft of a fire truck and fraudulently collected more than \$21,000 in insurance proceeds from the State Farm Insurance Company. Kenneth Boughter has been charged with one count of Arson Endangering Property (F2), one count of Arson Reckless Burning or Exploding (F3), two counts of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3), one count of Theft by Deception (F3), one count of Criminal Conspiracy (F3) and two counts of False Reports (M3).

- On November 18, 2010, Patrick Higgins was arrested in Lancaster County. According to the Criminal Complaint, Higgins was employed as a seasonal, full time store manager. Higgins' seasonal employment ended on December 24, 2008. The Complaint stated that on December 26th, Higgins claimed that he injured his knee while on the job on December 23, 2008. As a result, Higgins filed a workers' compensation claim with the Hartford Insurance Group and collected benefits from January 23, 2009 to May 10, 2010. Higgins submitted forms to the insurer stating that he was not employed. However, according to the Criminal Complaint, while Higgins had been collecting workers' compensation benefits, he was also working as a restaurant manager. Higgins allegedly received \$18,964.50 in workers' compensation benefits that he was not entitled to. Patrick Higgins has been charged with two counts of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On November 18, 2010, Michael and Laura McLucas were arrested in Lancaster County. According to the Criminal Complaint, Michael reported to the PA State Police and the Erie Insurance Company that when three deer entered the roadway, he swerved to avoid hitting them and then rolled down an embankment. However, according to the Criminal Complaint, the McLucas' planned and staged the accident, going as far as to show a neighbor a soft neck collar brace and asking if it would protect McLucas' neck if he were to

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be involved in an accident. Both Michael and Laura signed the checks which were sent to them by Erie regarding the claim. Michael and Laura McLucas have been charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of Criminal Conspiracy (F3). Michael McLucas was also charged with one count of False Reports to Law Enforcement Authorities (M3).

- On November 15, 2010, Chad Sanner was arrested in Somerset County. According to the Criminal Complaint, Sanner obtained insurance for his 2003 GMC pickup truck from the Infinity Insurance Company on November 23, 2009. During the course of the application process, Sanner indicated that there was no unrepaired damage or broken glass on his vehicle. The Complaint stated that on November 24th, Sanner reported to Infinity that he was involved in an automobile accident on November 23rd, after obtaining insurance. However, according to the Criminal Complaint, Sanner was involved in two accidents on November 22<sup>nd</sup>. The vehicle was towed from the scene of the second accident. Sanner allegedly told the Trooper who had responded to the scene that he was uninsured at the time of the accident and asked the Trooper to change the date on the accident report so that Sanner's new policy would cover the damages. Chad Sanner has been charged with two counts of Insurance Fraud (F3 & M1) and one count of Criminal Attempt/Theft by Deception (F3).
- On November 18, 2010, Brandy Eells was arrested in Crawford County. According to the Criminal Complaint, Scott Eells was involved in a one-vehicle accident on January 1, 2010. At the time of the accident, Eells was an excluded driver on the insurance policy. The Complaint further stated that his wife, Brandy, reported to the California Casualty Insurance Company that she was driving the vehicle at the time of the accident. Brandy Eells has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On November 9, 2010, Marie Barbuto was arrested in Chester County. According to the Criminal Complaint, Barbuto filed a fraudulent homeowner insurance claim for water damage

and submitted false contractor invoices to the Erie Insurance Company for reimbursement. In her claim, Barbuto allegedly stated that a burst hot water heater caused mold to grow on the wet drywall and other walls in her basement. In support of her claim, Barbuto subsequently provided Erie with two allegedly fraudulent contractor invoices for purported remediation work. Barbuto allegedly also arranged for certain portions of the walls to be scrubbed and other portions of drywall removed prior to an expert's inspection. Marie Barbuto has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).

- On November 23, 2010, Ronald Sneath was arrested in Blair County. According to the Criminal Complaint, Sneath reported to the Geico Insurance Company that his truck was damaged in an accident on March 8, 2010. However, allegedly the accident occurred on March 5, 2010, prior to the time that Sneath had insurance coverage. Ronald Sneath has been charged with two counts of Insurance Fraud (F3 & M1) and one count of Theft by Deception (F3).
- On November 19, 2010, Wei Lin and his company, King Trading, Inc., were arrested in Philadelphia County. According to the Criminal Complaint, from April 1, 2007 through December 13, 2007, Lin operated King Trading without the requisite Workers' Compensation Insurance. According to the Complaint, a worker was injured on November 5, 2007, and received no benefits due to the business' failure to carry the required insurance. Wei Lin and King Trading, Inc. have been charged with 256 counts of Failure to Carry Workers' Compensation Insurance (M3).
- On November 30, 2010, Amit Kacha was arrested in Philadelphia County. According to the Criminal Complaint, Kacha purchased auto insurance from the Merchants Insurance Company on June 18, 2009, for a Ford Mustang. On September 3, 2009, Kacha submitted a claim to Merchants stating that the rear bumper of his vehicle was struck and damaged by a hit and run driver. The Complaint stated that while waiting for the

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police to arrive, Kacha mentioned to a witness that this was his opportunity to fix his car's bumper which was damaged in an accident a week prior. Amit Kacha has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and one count of False Reports to Law Enforcement (M3).

- On November 3, 2010, Becky Gett was arrested in Clinton County. According to the Criminal Complaint, Gett's vehicle rear-ended another vehicle on March 22, 2010 at 8:30 a.m., causing approximately \$3,634 in damages. At the time of the accident, Gett was allegedly uninsured. Gett obtained insurance from the Progressive Insurance Company at approximately 7:00 p.m. on the 22nd. On the following day, Gett allegedly reported to Progressive that the accident occurred at 8:30 p.m., on March 22<sup>nd</sup>, after her new coverage was in place. Becky Gett has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On November 12 & 16, 2010, Antonio Valle and Corazon Cabrera were arrested in Montgomery County. According to the Criminal Complaint, Cabrera and Valle allegedly conspired to obtain comprehensive insurance coverage for Cabrera's 2003 Mercedes, and then filed a claim with the Allstate Insurance Company for pre-existing damage to the vehicle's rear window. According to the Criminal Complaint, Valle had obtained a quote from Safelite Auto Glass several weeks before Cabrera added the coverage to her policy. During a recorded statement to Allstate, Valle and Cabrera allegedly misrepresented the date on which the damage occurred in an attempt to get Allstate pay for the vehicle repairs. Antonio Valle and Corazon Cabrera have been charged with two counts of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and Criminal Conspiracy (F3).
- On November 17, 2010 Roy Trunkwalter was arrested in Montgomery County. According to the Criminal Complaint, Trunkwalter reported to the Allstate Insurance Company that his car had been damaged in an accident and he received payment on that claim. In

December of 2009, Trunkwalter allegedly reported to the police and then to Allstate that his car was again damaged when it was struck by a truck. In connection with this new claim, Trunkwalter allegedly told Allstate that he had used the payment from his first claim to have the car repaired. Trunkwalter also allegedly attempted to obtain payment for the purported damages from the company that owned the truck. According to the Criminal Complaint, Trunkwalter did not have his car repaired after the first accident and that he claimed the same damage in the purported 2009 accident. Roy Trunkwalter has been charged with one count of Insurance Fraud (F3), two counts of Criminal Attempt/Theft by Deception (M1) and one count of False Report to Law Enforcement Authorities (M2).

- On November 30, 2010, Richard Clewell was arrested in Lehigh County. According to the Criminal Complaint, Clewell was rear-ended by another vehicle while delivering pizzas for Parma Pizza on June 6, 2010. As a result of this accident, Clewell informed the Geico Insurance Company that he had been unable to work. In support of this claim, Clewell submitted a Wage and Salary Verification from his employer, Parma Pizza, stating that he lost wages as a result of this automobile accident. However, according to the Criminal Complaint, Clewell did not miss any work, but had forged his employer's signature on the Wage and Salary Verification form. Richard Clewell has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Forgery (M1).
- On November 22, 2010, Carol Brandt was arrested in Dauphin County. According to the Criminal Complaint, Brandt completed an insurance application on August 3, 2009, for cancer insurance through the Mutual of Omaha Insurance Company and was subsequently issued a policy on August 6, 2009. In the insurance application, Brandt claimed that she hadn't had any internal cancer or leukemia within the past five years. However, according to the Criminal Complaint, Brandt did have a history of cancer. Carol Brandt has been charged with one count of Insurance Fraud (M1) and



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Criminal Attempt/Theft by Deception (M1).

- On November 24, 2010, Tanesha Payne was arrested in Delaware County. According to the Criminal Complaint, on March 27, 2010, at 9:00 a.m., Payne contacted the Geico Insurance Company and lowered her automobile insurance deductible from \$1,000 to \$500. Payne then filed a claim at 10:01 a.m., stating that her vehicle had just been struck by a hit and run driver. However, according to the Criminal Complaint, the damage to Payne's car occurred prior to her reducing the deductible on her automobile insurance. Payne further admitted that she lowered her \$1,000.00 deductible because she could not afford to pay it. Tanesha Payne has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).

### THIRTEEN CHARGED IN INSURANCE FRAUD AND THEFT SCHEME

On November 4, 2010, criminal charges were filed against Phillip Sessa, Robert Ditomaso, Daniel Stabile, Deborah Lawson, Mark Clark, David Dorkin, Frederick Brooks, Karen Mitchell, Dominique Nixon, Jason Silverstein, Jeffrey Sheehan, Elmo Swanson and Andrew Yates in Philadelphia County. An extensive Grand Jury investigation into this alleged insurance fraud and theft ring focused on Sessa, the owner and operator of Philly Collision, an auto body repair shop. According to the grand jury, Sessa and the twelve co-defendants vandalized or damaged vehicles parked on public streets or at Philly Collision and then submitted claims to insurance companies in order to receive insurance payments for the alleged vehicle repairs. The grand jury found that Sessa had individuals voluntarily surrender vehicles at his shop, then report them stolen to the insurance companies. According to the grand jury investigation, the organization filed at least twenty-two claims in conjunction with the fraud scheme, which totaled more than \$300,000.

Charges included Insurance Fraud, Theft, False Reports to Law Enforcement, Criminal

Use of Communication Facility, False Reports, Deceptive Business Practices, Criminal Mischief, Corrupt Organizations, Criminal Conspiracy and Owning, Operating or Conducting a Chop Shop.



- Michael Flament pled guilty to one count of Insurance Fraud (F3) and one count of Criminal Conspiracy (F3) and David Grillo pled guilty to one count of Criminal Conspiracy (F3) in Washington County. Flament and Grillo were members of a group of inter-related individuals dealing with stolen motorcycles and ATV's in western Pennsylvania. Flament stored at least one stolen motorcycle and one stolen ATV, which he sold to Grillo. Flament also filed a fraudulent truck theft claim with the State Farm Insurance Company. Although he reported the truck stolen, Flament had actually caused it to be destroyed. On November 3, 2010, Michael Flament was sentenced to serve 3 to 23 months incarceration and ordered to pay restitution and all court costs. David Grillo was sentenced to serve 23 months intermediate punishment and ordered to pay restitution and costs.
- Arnold Moyd pled guilty to one count of Theft by Deception (F3) in Philadelphia County. Moyd sued the Commonwealth, alleging that he was injured as a result of an accident caused by a state employee and was awarded \$40,000 on his claim. However, Moyd lied in legal documents and sworn testimony concerning prior accidents, injuries and criminal history. On November 4, 2010, Arnold Moyd was sentenced to serve 7 years probation with substance abuse supervision and ordered to pay restitution of \$41,000 and all court costs.
- Brandon Plummer pled guilty to one count of Theft by Deception (M1) in Westmoreland County. Plummer reported to the Motorists Insurance Company that he wrecked his vehicle when his tire blew out. Motorists paid out \$11,827.02 in benefits on the claim. However, our investigation revealed that

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Plummer intentionally damaged his vehicle. On November 22, 2010, Brandon Plummer was sentenced to serve 3 years probation, ordered to perform 100 hours of community service and to pay restitution of \$11,827.02 and all court costs.

- Richard Dobson pled guilty to one count of Insurance Fraud (F3) in Perry County. Dobson filed a claim on October 3, 2008, with the Nationwide Insurance Company stating that on October 2nd, he struck a deer while driving his Chevrolet Venture. The accident damaged the vehicle's right front passenger side. On December 29th, Dobson filed another claim with Nationwide for the same damages purportedly caused by another deer strike. Dobson falsely stated to Nationwide that he had the original damages repaired. On November 18, 2010, Richard Dobson was sentenced to serve 2 years probation, ordered to perform 50 hours of community service, pay a fine of \$500 and all court costs. and all court costs.
- Kenneth Gonse pled guilty to one count of Insurance Fraud (F3) and Mandy Gonse pled guilty to one count of Insurance Fraud (M1) in Dauphin County. On May 1, 2009, at 7:43 p.m., Kenneth and Mandy Gonse obtained an auto policy with the GMAC Insurance Company, falsely stating there had been no prior damage to the vehicle. The following day, the Gonses reported that they had been in an accident on May 1st, at approximately 8:30 p.m. However, our investigation revealed that the accident occurred at 3:17 p.m., prior to the inception of the Gonses' policy. On November 22, 2010, Kenneth Gonse was sentenced to serve 2 years probation, ordered to perform 50 hours of community service, pay a \$500 fine and all court costs. Mandy Gonse was sentenced to serve 2 years probation, ordered to perform 50 hours of community service, pay a \$250 fine and all court costs.
- Derek Lange pled guilty to one count of Theft by Failure to Make Required Disposition of Funds Received (F3) in Franklin County. Waynesboro Police Officer Derek Lange began

receiving workers' compensation benefits after he was injured on the job in August, 2009. Under the PA Heart and Lung Act Lange was entitled to continue to receive his regular salary from the Borough provided that he endorse over to his employer any workers' compensation checks that he received. However, our investigation revealed that Lange signed over three and deposited fifteen of the eighteen checks he received from the Penn National Insurance Company. On November 17, 2010, Derek Lange was sentenced to serve 2 years probation, ordered to perform 50 hours of community service and to pay a fine of \$50, restitution of \$22,893.90 and all court costs.

- Kevin Rhoades-Thomas pled guilty to two counts of Insurance Fraud (F3) in Bucks County. Rhoades-Thomas struck a pedestrian while operating his vehicle. He provided an insurance card and stated to police that his vehicle was insured by the 21st Century Insurance Company. Rhoades-Thomas submitted a claim to 21st Century; however, no policy existed and the vehicle and insurance information were not valid. On November 10, 2010, Kevin Rhoades-Thomas was sentenced to serve 2 years probation and ordered to pay restitution of \$3,000 and all court costs.
- Cynthia Pert pled guilty to one count of Criminal Attempt/Theft by Deception (M1) in Westmoreland County. Pert filed a personal property claim with the State Farm Insurance Company following a fire to her detached garage and its contents. In support of her claim, Pert submitted altered and/or falsified receipts. On November 12, 2010, Cynthia Pert was sentenced to serve 1 year probation, ordered to perform 50 hours of community service and to pay a fine of \$500 and all court costs.

### (ARD) DISPOSITIONS

During the month of November, four additional defendants received Accelerated Rehabilitative Disposition (ARD).